



## Broader Public Sector

### Executive Compensation Program

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Dear Community Member,

In 2014, the Government of Ontario began the process of developing public sector compensation frameworks to ensure a transparent and consistent approach to executive compensation. The Broader Public Sector Executive Compensation Act of 2014 (“BPSECA”), introduced by the Ontario Government, applies to all Ontario public sector designated employers, including universities, colleges, hospitals, and school boards. This includes the Dryden Regional Health Centre.

The Dryden Regional Health Centre is committed to meeting the intent and goals of the Ontario Government, Treasury Board Secretariat and the Ministry of Health and Long Term Care to ensure responsible and transparent executive compensation management in the Ontario broader public sector.

In compliance with the Act, Ontario Regulation 304/16 – Executive Compensation Framework, and Ontario Regulation 187/17 (“the Regulations”), the Dryden Regional Health Centre developed a comprehensive Executive Compensation Program to support accountable and responsible executive compensation management practices for designated executive positions.

The proposed Executive Compensation Program sets out a rational compensation approach for designated executive positions consistent with the BPSECA.

In the health sector a competitive, fair, responsible and accountable Executive Compensation program is vital for attracting and retaining the talented leadership essential to deliver high quality healthcare while managing public dollars responsibly. Excellent leaders have a significant positive impact on the effectiveness and productivity of hospitals, the quality of care and the ability of hospitals and the healthcare system to meet the evolving needs of Ontarians. We know that the communities we serve depend on us to deliver high quality, safe and compassionate care. We meet these commitments while demonstrating a commitment to be good stewards of the resources entrusted to us by the taxpayers of Ontario.

Key sections in our proposed Executive Compensation Program include:

- Executive Compensation Philosophy
- Designated Executive Positions
- Proposed Comparator Organizations
- Proposed Executive Compensation Framework
- Executive Pay Envelope and Maximum Rate of Increase



As part of the Government Regulations, all Ontario broader public sector employers are required to conduct a 30-day public consultation on their proposed Executive Compensation Program. Following consultation and review of the input, the final Executive Compensation Program will be posted.

Please send feedback to [chair@drhc.on.ca](mailto:chair@drhc.on.ca). We will be accepting public input until April 9<sup>th</sup>, 2018. All feedback is appreciated and will be kept on record.

Regards,

A handwritten signature in black ink, which appears to read 'Karen M. Seeley'. The signature is fluid and cursive, with a long horizontal stroke at the end.

Karen Seeley

Chair, Board of Directors



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## **A. Compensation Philosophy**

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The Dryden Regional Health Centre is committed to attracting and retaining highly talented and qualified executives to execute and drive the organization's strategy.

The Dryden Regional Health Centre is a complex, vertically integrated health care centre offering a wide range of services including, primary care, community care, mental health and addictions services and hospital care. Our executives are responsible for ensuring safe, high quality care is provided for every patient. They also provide effective oversight and stewardship of \$25 million in annual operating funding and \$25 million net assets of public funds as well as supporting a team of 350 employees, physicians, volunteers and students.

The Board of Directors of the Dryden Regional Health Centre is responsible for establishing policies and practices to ensure that the organization can continue to meet the health care needs of the people of Dryden and the surrounding area. The Dryden Regional Health Centre is a recognized leader in providing innovative programs and integrated care. It is critical that the organization is able to attract and retain a highly skilled Senior Leadership Team, who will ensure future success and an on-going legacy for the people that we serve.

Our organization is committed to compensating staff in a manner that is fair, consistent, and competitive within local, regional and provincial talent markets. We believe that compensation is also a useful recognition tool to align personal, professional, and organizational goals to drive value and quality.

*Objectives of our compensation program:*

- Strive to provide a compensation program that support the strategic goals of the organization, are competitive with external markets, and are equitable internally
- Attract and retain top talent that is motivated by the organization's mission, vision and values
- Administer compensation programs in a manner that is consistent, fair, and free of discrimination
- Meet all legislative requirements by linking a portion of compensation for executives in the achievement of performance targets set out in the annual Quality Improvement Plan (QIP).
- Communicate with executives the structure of the compensation program and the rationale for decisions made with respect to their individual compensation.



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## **B. Designated Executive Positions**

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The following are the designated executive positions as they relate to the salary and performance-related pay structure in the executive compensation program:

- Chief Executive Officer
- Vice President – Patient Services/Chief Nursing Officer
- Senior Vice President, Chief Operating Officer
- Vice President – Support Services/Chief Human Resources Officer
- Director- Financial Services/Chief Financial Officer

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## **C. Salary and Performance-Related Pay: Comparator Selection**

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The following is information on the comparators used to benchmark salary and performance-related pay at the designated employer for each designated executive position or class of positions:

### **Comparators 1 – Positions/Classes of Positions**

Chief Executive Officer

#### **Canadian Public Sector or Broader Public Sector Comparators**

Hanover and District Hospital, Listowel Wingham Hospital Alliance, Kemptville District General, Winchester District Memorial Hospital, Middlesex Hospital Alliance, Renfrew Victoria Hospital & St. Francis Memorial Hospital, Sioux Lookout Meno Ya Win Health Centre, Riverside Health Care Facilities, Lake of the Woods District Hospital, Alexandra Marine & General, Wellington Health Care Alliance, West Nipissing General Hospital, Kirkland & District Hospital, New Liskeard Temiskaming Hospital, Elliot Lake St. Joseph's, Kincardine South Bruce Grey, Almonte General Hospital, Stevenson Memorial Hospital, Manitoulin Health Centre

### **Comparators 2 – Positions/Classes of Positions**

Vice President – Patient Services/Chief Nursing Officer

#### **Canadian Public Sector or Broader Public Sector Comparators**

Hanover and District Hospital, Listowel Wingham Hospital Alliance, Kemptville District General, Winchester District Memorial Hospital, Middlesex Hospital Alliance, Renfrew



Victoria Hospital & St. Francis Memorial Hospital, Sioux Lookout Meno Ya Win Health Centre, Riverside Health Care Facilities, Lake of the Woods District Hospital, Alexandra Marine & General, Wellington Health Care Alliance, West Nipissing General Hospital, Kirkland & District Hospital, New Liskeard Temiskaming Hospital, Elliot Lake St. Joseph's, Kincardine South Bruce Grey, Almonte General Hospital, Stevenson Memorial Hospital, Manitoulin Health Centre

### **Comparators 3 – Positions/Classes of Positions**

Senior Vice President, Chief Operating Officer

### **Canadian Public Sector or Broader Public Sector Comparators**

Hanover and District Hospital, Listowel Wingham Hospital Alliance, Kemptville District General, Winchester District Memorial Hospital, Middlesex Hospital Alliance, Renfrew Victoria Hospital & St. Francis Memorial Hospital, Sioux Lookout Meno Ya Win Health Centre, Riverside Health Care Facilities, Lake of the Woods District Hospital, Alexandra Marine & General, Wellington Health Care Alliance, West Nipissing General Hospital, Kirkland & District Hospital, New Liskeard Temiskaming Hospital, Elliot Lake St. Joseph's, Kincardine South Bruce Grey, Almonte General Hospital, Stevenson Memorial Hospital, Manitoulin Health Centre

### **Comparators 4 – Positions/Classes of Positions**

Vice President – Support Services/Chief Human Resources Officer

### **Canadian Public Sector or Broader Public Sector Comparators**

Hanover and District Hospital, Listowel Wingham Hospital Alliance, Kemptville District General, Winchester District Memorial Hospital, Middlesex Hospital Alliance, Renfrew Victoria Hospital & St. Francis Memorial Hospital, Sioux Lookout Meno Ya Win Health Centre, Riverside Health Care Facilities, Lake of the Woods District Hospital, Alexandra Marine & General, Wellington Health Care Alliance, West Nipissing General Hospital, Kirkland & District Hospital, New Liskeard Temiskaming Hospital, Elliot Lake St. Joseph's, Kincardine South Bruce Grey, Almonte General Hospital, Stevenson Memorial Hospital, Manitoulin Health Centre

### **Comparators 5 – Positions/Classes of Positions**

Director – Financial Services/Chief Financial Officer



## **Canadian Public Sector or Broader Public Sector Comparators**

Hanover and District Hospital, Listowel Wingham Hospital Alliance, Kemptville District General, Winchester District Memorial Hospital, Middlesex Hospital Alliance, Renfrew Victoria Hospital & St. Francis Memorial Hospital, Sioux Lookout Meno Ya Win Health Centre, Riverside Health Care Facilities, Lake of the Woods District Hospital, Alexandra Marine & General, Wellington Health Care Alliance, West Nipissing General Hospital, Kirkland & District Hospital, New Liskeard Temiskaming Hospital, Elliot Lake St. Joseph's, Kincardine South Bruce Grey, Almonte General Hospital, Stevenson Memorial Hospital, Manitoulin Health Centre

### **Rationale for Selected Comparators**

Selected comparator organizations comply with the conditions established in the Executive Compensation Framework Regulation as follows:

The above Hospitals were selected as comparators because they all meet the following criteria:

1. Location of the organizations – within Ontario
2. Size of the organizations – similarly sized
3. Scope of responsibilities of the Organization's executives- similar executive roles

See below for a detailed explanation.

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## **C. Salary and Performance-Related Pay: Comparative Analysis Details**

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The DRHC Comparative Analysis was detailed in the review over the last 7 months. The comparator group includes nineteen comparator organizations from all regions of Ontario, with an average FTE of 221 employees and an average operating budget of \$31,647,850. The same comparator group will be used for all five (5) designated executives. The selection criteria of comparable organizations were chosen based on the 3 rationale selected: location (remote locations within similar areas, Ontario Hospitals), size (Full Time Equivalent Staff between 100 and 200), Budgets (Annual Operating Budgets between .5x & 2x as compared to DRHC) and scope and responsibilities of the executive staff in the organizations. Analysis was done to ensure these organizations met all the rationale. Once those were established the organization reviewed the positions to ensure that ours did not exceed the 50th percentile.

1) Location of Organization - all comparator organizations are Ontario Hospitals. Additionally other Northwestern Ontario Hospitals (meeting other comparators) have been included.



2) Size of the Organization. Almost all of the comparator organizations are similarly sized Hospitals based on the number of FTEs (between 100 and 200) and similar operating budgets. These comparators will help to gauge the scope of the organization and how it compares with the DRHC.

- Similar operating budgets include a range of \$48 million to \$18 million. The higher end of the budgets, Lake of the Woods District Hospital is located close to the DRHC in Northwestern Ontario and would be competing for the same executives/leadership. Both Sioux Lookout Meno Ya Win Health Centre and Riverside Health Centre have been included and have budgets at the top end of the comparators, and again they are included within Northwestern Ontario.

3) Scope of responsibilities of the organization's executives. Each of the comparable organizations are Hospitals that have similar executive roles, separate or combined and are generally similar with respect to essential competencies, relative complexity and the level of accountability associated with the position.

- Each comparator has a role of Chief Executive Officer comparable to the Dryden Regional Health Centre
- Each comparator has a role of Director - Patient Care Services/ Chief Nursing Executive comparable to the Dryden Regional Health Centre. This position is similar in each Hospital and generally includes clinical leadership and oversight of clinical departments within the organization.
- Each comparator has a comparable role to a Chief Operating Officer/Senior VP or equivalent. The role oversees the services that support physician relations, contractual requirements, legal requirements, the risk portfolio as well as managing the organization in the absence of the CEO.
- Each comparator has a role of Chief Financial Officer, overseeing the finances for the organization. This position would include long term financial planning and analysis.
- Each comparator has the equivalent of a Vice President - Human Resources/Support Services. Although the title of this position varies from organization to organization, in general terms this position oversees Human Resources and other support services across the organization.

Other rationale/explanation for the difference with pay as compared to the 19 other Hospitals/Health care organizations include:

- Since 2010 Executives have had their performance pay carved out due to the legislation around the Excellent Care for all Act
- Immediate recruitment and retention concerns with CEO retirement and competition for talent in region/area with higher paid executives



- Recruitment of key positions within the next few years (CEO primarily) and as a result of a variety of factors this will be a challenging role to fill
- Immediate Recruitment and potential backfill issues
- Rural and remote location creates: lack of opportunities for employee's partners, distance from family and friends
- Union increases have created a compression issue between front line staff, management staff and executive staff. Top Union paid position is \$114,000 - which creates major compression issues
- Recruitment to leadership positions is challenging without incentive to leave front line or management positions.
- Regional/provincial salary gaps - again difficult to recruit leadership positions

The following is information on the percentile used to benchmark the salary and performance-related pay cap for each designated executive position or class of positions:

As per the Regulations, the maximum possible salary and performance related pay allowable is calculated at the 50<sup>th</sup> percentile of the comparator organizations. The 50<sup>th</sup> percentile is used for each designated executive position.

### C. Salary and Performance-Related Pay Structure

<b>Executive Position of Class of Positions</b>	<b>Salary Range Minimum (\$)</b>	<b>Salary Range Maximum (\$)</b>	<b>Maximum Annual Performance-Related Pay (% of Salary)</b>	<b>Salary and Performance-Related Pay Cap (\$)</b>
Chief Executive Officer	\$180,018	\$198,020	1%	\$200,000
Vice President – Patient Services/Chief Nursing Officer	\$126,697	\$139,366	1%	\$140,760
Senior Vice President, Chief Operating Officer	\$126,697	\$139,366	1%	\$140,760





Vice President – Support Services/Chief Human Resources Officer	\$117,552	\$129,307	1%	\$130,600
Director – Financial Services/ Chief Financial Officer	\$117,552	\$129,307	1%	\$130,600

#### **D. Salary and Performance-Related Pay Structure**

The sum of salary and performance-related pay paid to designated executives for the most recently completed pay year is as follows:

<b>Sum of Salary and Performance-Related Pay for the Most Recently Completed Pay Year (\$)</b>	<b>Maximum Rate of Increase to Envelope (%)</b>
646,924	5.0

The Dryden Regional Health Centre's total pay envelope for the period of January 1st, 2016 to December 31st, 2016 was \$646,924.00. The Board of Governors propose that the maximum rate by which this envelope could be increased in each year is set at 5%. In determining this increase the Board reviewed the following considerations:

- Financial and compensation priorities of the Ontario government - a balanced budget has been approved for 2017/18
- Compensation Trends - This was reviewed internally and externally. Most employees have received annual increases from union settlements and salary scale adjustments. Externally the provincial public sector annual wage base increases averaged at 1.82% over the last 11 years.
- Impact of salary compression on attracting and retaining talent. At least one of the DRHC's Executive positions will be the subject of recruitment by 2018. By being well below the 50th percentile the pool of experienced candidates is significantly reduced. Compensation of designated executives as been frozen at the DRHC for at least 9 years.
- Organizational Operations:
  - Healthcare facility vs. a Hospital. List of services executives oversee include:
    - Hospital Services



- Community Mental Health Services
- Contract CCAC Services
- Family Health Team
- Crisis Response Services
- Rural Health Hub Pilot Site
- Location - remoteness of area creates recruitment issues

Any adjustments in salary for a designated executive shall be approved by the Board of Governors and any adjustments to the salary and performance related pay envelope, by way of proration, shall also be determined by the Board of Governors.